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SUBJECT: AMERICAN PRESS SUMMARY

1. HIGHLIGHTS. THURSDAY NYTIMES FRONTPAGES FRENCH MOVES MAY SPUR TOUGH US RESPONSE; TODAY'S INSIDE STORIES INCLUDE: BRITISH LABOR GOVERNMENT EXPECTED TO APPROVE DIEGO GARCIA BASE; MOYNIHAN CRITICIZED AGAIN; INGERSOLL OPPOSES SCRAPPING OF SEATO; HANOI HANDS OVER IN THAILAND 12 AMERICAN DEAD, ARMY WILL TRY TO MAKE IDENTIFICATION THERE.

1A. PRESIDENT NIXON TOLD NEWS CONFERENCE HE DIDN'T AUTHORIZE PAYMENT OF HUSH MONEY OR GRANTING OF CLEMENCY FOR WATERGATE DEFENDANTS AT 21 MARCH MEETING; ALSO SAID HE THOUGHT AMERICAN EFFORTS WOULD LEAD TO LIFTING OF OIL EMBARGO BUT DECLINED FLAT PREDICTION FOR FEAR IT MIGHT LEAD ARABS TO DO OTHERWISE.

1B. PRESIDENT ALSO VETOED ENERGY BILL, SAYING ITS PROVISIONS FOR ROLLING BACK PRICE OF CRUDE OIL WOULD DISCOURAGE OIL PRODUCTION AND WORSEN SHORTAGE. BUTZ CAUTIONS SENATE FINANCE COMMITTEE AGAINST CONTROLLING FOOD EXPORTS IN
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TESTIMONY ON TRADE BILL. SENATE KILLS PAY RISE FOR CON-

GRESS, JUDGES AND EXECUTIVES.

1C. WASHPOST AP REPORTS SAUER OF EX-IM BANK TOLD SENATE

BUDGET SUBCOMMITTEE BANK HAS EXTENDED 248.5 MILLIONS IN CREDITS TO SOVIET UNION ON SAME TERMS AS TO OTHER BORROWERS, BUT ADDITIONAL INFORMATION WOULD BE REQUIRED TO GO SUBSTANTIALLY BEYOND PRESENT LEVEL OF BORROWING.

1D. IRS REVOKES TAX RULING THAT CLEARED WAY FOR 1969 MERGER OF ITT AND HARTFORD, ITT STOCKHOLDERS THUS BECOMING LIABLE FOR DEFERRED CAPITAL GAINS TAXES OF ABOUT 100 MILLIONS UNLESS THE REVOCATION IS SUCCESSFULLY CHALLENGED IN THE COURTS, ACCORDING TO NADER AIDE WHO ASKED IRS IN APRIL 1972 TO REVOKE THE RULING.

2. KISSINGER. NYTIMES BINDER WASHINGTON REPORTS TOP ADMINISTRATION OFFICIALS SAID TODAY THE GOVERNMENT HAS BEGUN RE-EXAMINING ITS POLICY TOWARD FRANCE IN VIEW OF WHAT IT REGARDS AS THE FRENCH POLICY OF TRYING TO SEPARATE THE EUROPEAN COMMON MARKET FROM US, BINDER ADDING THAT KISSINGER FOR AT LEAST TWO WEEKS HAS BEEN STUDYING WITH HIS AIDES THE OPTIONS OPEN TO THEM IN DEALING WITH FRANCE BOTH DIRECTLY AND IN HER CAPACITY AS AN INFLUENTIAL MEMBER OF MARKET. OFFICIALS DESCRIBE KISSINGER AS WISHING TO AVOID A CONFRONTATION THAT WOULD INEVITABLY COMPEL FRANCE'S WEST EUROPEAN PARTNERS TO CHOOSE BETWEEN WASHINGTON AND PARIS, SAYS BINDER, BUT HE IS APPARENTLY CONTEMPLATING CIRCUMSTANCES THAT MIGHT COMPEL US TO MAKE ITS POSITION KNOWN IN A STIFF SPEECH, OR A DIPLOMATIC NOTE, OR EVEN IN SOME ACTION DETERMINETAL TO FRENCH INTERESTS--PERHAPS IN THE AREA OF DEFENSE POLICY, OFFICIALS ADDING THAT IN LONG RUN POMPIDOU-JOBERT POLICIES WOULD MAKE ATLANTIC COOPERATION BETWEEN US AND WESTERN EUROPE VIRTUALLY IMPOSSIBLE. ACCORDING BINDER, ONE OFFICIAL SAID: THIS ADMINISTRATION HAS DONE MORE TOWARD RAPPROCHEMENT WITH FRANCE THAN ANY OTHER SINCE THE WAR; NIXON REALLY TURNED HANDSPRINGS TO TRY TO RESTORE AMITY WITH FRANCE. BINDER REPORTS KISSINGER FOUND A FUNDAMENTAL INCONSISTENCY IN A FRENCH POLICY THAT DEMANDS US MAINTAIN 300,000 TROOPS

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IN EUROPE WHILE URGING WESTERN EUROPE TO CUT ALL ITS OTHER TIES WITH US, ALSO THAT FRANCE IS SET ON PROMOTING A NEW EUROPEAN BID TO THE ARABS AS A MOVE DOWN THAT PATH. IN WEIGHING POSSIBILITY OF OUTRIGHT CONFRONTATION, SAYS BINDER, KISSINGER WAS DESCRIBED AS THINKING IN LONG-RANGE TERMS, PERHAPS AS LONG AS SIX YEARS.

2A. WASHPOST WORLD ROUNDUP ITEM REPORTS FROM PARIS FRENCH

FOREIGN MINISTRY SPOKESMAN SAID US IRRITATION OVER ARAB OFFER WAS SURPRISING AND UNFOUNDED SINCE KISSINGER WAS BRIEFED FULLY IN BONN AND BRUSSELS BEFORE THE NINE MADE THEIR DECISION. ITEM ADDS THAT IN BONN FOREIGN MINISTRY ALSO SAID SCHEEL HAD DISCUSSED THE PLANS WITH KISSINGER.

NYTIMES LEWIS ALSO REPORTS FRENCH REACTED SHARPLY TO NEW AMERICAN CRITICISM, ADDING THAT GOVERNMENT-INSPIRED PRESS COMMENT ALSO SHOWED THAT A WAR OF WORDS HAD BROKEN OUT AMONG THE WESTERN ALLIES. NYTIMES WHITNEY BONN REPORTS INFORMED WEST GERMAN SOURCES TOOK SHARP ISSUE WITH STATE DEPARTMENT'S CHARGE OF LACK OF CONSULTATION, ALTHOUGH VON WACHMAR DECLINED TO RESPOND TO THE AMERICAN COMPLAINTS.

2B. NYTIMES HAS WASHINGTON SPECIAL, AS TRAILER TO JERUSALEM STORY ON NEW MEIR CABINET, REPORTING PLEASURE OF NIXON ADMINISTRATION OFFICIALS AT RESOLUTION OF ISRAELI CRISIS AND KISSINGER SAYING: WE ARE GLAD THAT THE GOVERNMENTAL CRISIS IN ISRAEL HAS BEEN RESOLVED. STORY ADDS AMERICAN OFFICIALS SAID IT WASN'T CLEAR WHETHER SYRIAN REDEPLOYMENT ON GOLAN HEIGHTS WAS A TACTIC TO PUT PRESSURE ON ISRAEL IN ADVANCE OF NEGOTIATIONS OR FORESHADOWED A RENEWAL OF FIGHTING.

3. DIEGO GARCIA. WASHPOST GETLER REPORTS STATE DEPT OFFICIALS ESTIMATED YESTERDAY THAT CHANGEOVER IN BRITISH GOVERNMENT WOULD NOT BLOCK A PLANNED US EXPANSION OF MILITARY FACILITIES ON BRITISH ISLAND OF DIEGO GARCIA IN INDIAN OCEAN. IN TESTIMONY BEFORE FOREIGN AFFAIRS SUBCOMMITTEE, SEYMOUR WEISS SAID PROTESTS FROM SEVERAL COUNTRIES GENERALLY WERE FAR MORE RESTRAINED THAN US HAD EXPECTED. WITHOUT NAMING COUNTRIES, WEISS INDICATED TO

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COMMITTEE THAT SOME LEADERS HAD APPARENTLY FELT IT NECESSARY FOR POLITICAL REASONS TO SPEAK OUT AGAINST MOVE, BUT US HAD PRIVATE ASSURANCES FROM SOME COUNTRIES THAT THEY WERE NOT CONCERNED ABOUT US MOVE. THEY WOULD HAVE BEEN MORE CONCERNED IF SOVIET EXPANSION IN AREA HAD GONE UNCHECKED, HE SAID. AMONG COUNTRIES WEISS LISTED AS FAVORABLE WERE PAKISTAN, IRAN, SINGAPORE AND PEOPLE'S REPUBLIC OF CHINA. WEISS TOLD COMMITTEE THAT STATE, WHILE NOT UNDERESTIMATING POTENTIAL MILITARY THREAT, WAS MOST CONCERNED WITH POLITICAL AND DIPLOMATIC IMPACT OF APPARENT SOVIET DOMINANCE IN AREA AS REFLECTED BY PRESENCE OF SIZEABLE FLEET.

4. MOYNIHAN. WASHPOST AP NEW DELHI REPORTS FOREIGN MINISTER SINGH IN PARLIAMENT CHIDED MOYNIHAN WEDNESDAY

FOR SUGGESTING -- EVEN HUMOROUSLY -- THAT INDIA'S OPPOSITION TO THE PROPOSED EXPANSION OF AMERICAN FACILITIES ON DIEGO GARCIA MIGHT BE LESS VOCIFEROUS IF THE ISLAND WERE NOT LOCATED IN A BODY OF WATER THAT HAPPENS TO BE CALLED THE INDIAN OCEAN. AMBASSADOR SUGGESTED CHANGING NAME TO MADAGASCAR SEA.

4A. NYTIMES WEINRAUB NEW DELHI REPORTS MOYNIHAN'S ON BACKGROUND REMARKS TO INDIAN JOURNALISTS ABOUT US PLANS FOR A NAVAL AND AIR BASE IN THE INDIAN OCEAN ERUPTED INTO A CONTROVERSY THAT ANNOYED AND EMBARRASSED THE AMBASSADOR. ACCORDING TO INDIAN NEWSPAPER ACCOUNTS, MOYNIHAN SAID US INTERESTS IN DIEGO GARCIA WERE MORE IMPORTANT THAN THOSE OF INDIA, ADDING THAT INDIA'S DISPLEASURE AT THE US MOVE WAS A NORMAL, SENSIBLE AND TOLERABLE RESPONSE OF ONE GOVERNMENT TO ANOTHER. WEINRAUB REPORTS A COMMUNIST MEMBER OF PARLIAMENT DEMANDED MOYNIHAN'S STATEMENTS BE DECLARED HOSTILE AND THE AMBASSADOR LEAVE INDIA. THE INDIAN FOREIGN MINISTER SAID THAT INDIA WAS A FREE SOCIETY AND THAT US OFFICIALS COULD EXPRESS THEIR VIEWS THERE JUST AS INDIANS COULD EXPRESS THEIRS IN THE US.

4B. NYTIMES WASHINGTON REPORTS VEST DECLINED TO COMMENT DIRECTLY ON CRITICISM BUT SAID HE HAD FULL CONFIDENCE IN MOYNIHAN.
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5. SEATO. WASHPOST MARDER REPORTS A SENATE DRIVE TO SCRAP SEATO AS AN OUTMODED RELIC OF COLD WAR WAS OPPOSED WEDNESDAY BY THE NIXON ADMINISTRATION, WHICH SAID A US PULLOUT WOULD BE TOO GREAT A SHOCK TO THE REGION. SENATORS CHURCH AND ROBERT BYRD HAVE EXPRESSED CONCERN THAT SEATO MAY BE USED IN FUTURE TO ENTANGLE US IN MILITARY ACTION IN THAILAND AND PHILIPPINES IN THE NAME OF FIGHTING COMMUNISM, BUT ASST. SEC. INGERSOLL TOLD FOREIGN RELATIONS COMMITTEE SEATO IS REQUIRED TO PROVIDE THAILAND WITH AN UNDERGIRTH OF MULTINATIONAL SUPPORT AS IT ADJUSTS TO AN UNCERTAIN FUTURE, AND THAT TO ABOLISH SEATO WOULD REINFORCE A CURRENT OPINION AMONG ASIAN LEADERS THAT US IS LEAVING ASIANS TO FEND FOR THEMSELVES. JAVITS CALLED ADMINISTRATION'S POSITION ONE OF GREAT WEAKNESS, AND ADMINISTRATION'S CASE WAS ALSO CHALLENGED BY FULBRIGHT AND MCGOVERN, WHILE PERCY SAID HE IS MORE COMFORTABLE ABOUT IT SINCE SEATO'S ACTIVITIES HAVE BEEN SCALED DOWN. KISSINGER

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